

Internal Revenue Service

Department of the Treasury

District  
Director

Date: SEP 04 1937

Person to Contact:

Contact Telephone Number:

Refer Reply to:

CERTIFIED MAIL

Dear Applicant:

We have considered your application for recognition of exemption under section 501(c)(7) of the Internal Revenue Code.

The evidence presented by your organization disclosed that you were incorporated on .

The purposes for which the corporation was formed are as follows:

1. Conduct meetings.
2. Promote good fellowship.
3. Represent the interests of tenants pertaining to their living environment.
4. Raise funds for improving social life to bind tenants more closely.
5. Give aid in emergencies.

Your activities were centered around helping the tenants of your housing complex satisfy their many complaints.

Section 501(c)(7) of the Code provides exemption to clubs organized for pleasure, recreation, and other nonprofitable purposes, substantially all of the activities of which are for such purposes and no part of the net earnings of which inures to the benefit of any private shareholder. In general, this exemption extends to social and recreation clubs which are supported solely by membership fees, dues, and assessments. However, a club otherwise entitled to exemption will not be disqualified because it raises revenue from members through the use of club facilities or in connection with club activities.

Revenue Ruling 69-527, 1969-2 C.B. 125, holds that to qualify for exemption under section 501(c)(7) of the Code, an organization must be both organized and operated exclusively for pleasure, recreation and other nonprofitable purposes. Consequently, not only must an organization show that its members are bound together by a common objective, but that such common objective is directed towards pleasure, recreation and other nonprofitable purposes. The term "other non-profitable purposes" has been held to mean other purposes similar to pleasure and recreation.

Based on the facts you submitted, your organization is organized and operated primarily to aid its members in satisfying their complaints to the housing complex owners. Any social activities are incidental to the main purpose.

Accordingly, we conclude that you do not meet the requirements for exempt status under section 501(c)(7) of the code and propose to deny your request for exemption under that section.

We have also considered your request of [REDACTED] to be considered for exemption under section 501(c)(4) of the Internal Revenue Code.

Section 1.501(c)(4)-1(a)(2)(i) of the Income Tax Regulations provides that an organization is operated exclusively for the promotion of social welfare if it primarily engages in promoting in some way the common good and general welfare of the people of the community.

Revenue Ruling 73-306, 1973-2 C.B. 185, holds that a nonprofit organization formed to represent member-tenants of an apartment complex in negotiations with landlords, in litigation and before local agencies with respect to matters of mutual concern to the tenants does not qualify for exemption under section 501(c)(4) of the Code.

Your organization is operated essentially for the private benefit of its members. Thus it is not primarily engaged in activities for the common good and general welfare of the people of the community.

Accordingly, we conclude that you do not meet the requirements for exempt status under section 501(c)(4) of the code and propose to deny your request for exemption under that section.

We have also determined that you fail to qualify for exempt status under any other subsection of IRC 501(c).

You are required to file a taxable return Form 1120 or 1041 with the District Director of Internal Revenue Service. Please send the return to the Internal Revenue Service, P.O. Box 1680, General Post Office, Brooklyn, NY 11202.

If you do not agree with this determination, you may request a Conference with the Regional Director of Appeals by protesting in accordance with the enclosed instructions within 30 days.

Protests submitted which do not contain all the documentation stated in the instructions will be returned for completion.

If we do not hear from you within that time, this determination will become final.

Sincerely yours,



~~District Director~~

Enclosure: Publication 892